

CONTRACT #1
RFS # 337.10-646
ED # 10-27844-00

Labor and Workforce
Development
Employment Security Division

VENDOR:
University of Tennessee
Knoxville



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
220 French Landing Drive, 4-A
Nashville, TN 37243-1002

July 29, 2009

RECEIVED

JUL 31 2009

FISCAL REVIEW

MEMORANDUM

TO: Fiscal Review Committee/Office of Contract Review

FROM: Melvin O'Neal

SUBJECT: RFS # 337.10-646-10 EXPLANATION -- REQUEST FOR CONTRACT START
DATE LESS THAN SIXTY (60) DAYS

The initial request for a non-competitive grant contract was sent to the Fiscal Review Committee on April 9, 2009. On April 10, 2009 it was determined that the grant would not have to be presented to the Fiscal Review Committee.

The Grant Contract was sent to the Office of Contract Review and then to the Comptroller where it was determined that the scope of service did not fit the definition of a grant.

The Grant was returned to the Department to be revised using a contract format.

In prior years we had used the Grant contract for this service and will in future years submit the request as a contract for Fiscal Review.

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contact Name:	George Dial or Melvin O'Neal	*Contact Phone:	741-12284 532-1071
*Contract Number:	ED-10-27844-00	*RFS Number:	3371064610
*Original Contract Begin Date:	7/01/09	*Current End Date:	6/30/2012
Current Request Amendment Number: <i>(if applicable)</i>		N/A	
Proposed Amendment Effective Date: <i>(if applicable)</i>		N/A	
*Department Submitting:		Labor and Workforce Development	
*Division:		Employment Security	
*Date Submitted:		7/29/09 Resubmitted	
*Submitted Within Sixty (60) days:		NO	
<i>If not, explain:</i>		Was submitted on 4/8/09 as a grant-determined that Fiscal Review not required. Comptroller determined it should be a contract.	
*Contract Vendor Name:		University of Tennessee, Knoxville	
*Current Maximum Liability:		284,835.00	
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>			
FY:10	FY:11	FY:12	FY:
\$90,662.00	\$94,311.00	\$99,862.00	\$
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>			
FY:	FY:	FY:	FY:
\$	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		n/a	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		n/a	
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:		n/a	
*Contract Funding	State:	Federal:	284,835.00

Supplemental Documentation Required for Fiscal Review Committee

Source/Amount:			
Interdepartmental:		<i>Other:</i>	
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
n/a		n/a	
Method of Original Award: <i>(if applicable)</i>			
Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. <i>(if applicable)</i>		n/a	
Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. <i>(if applicable)</i>		n/a	
Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. <i>(if applicable)</i>		n/a	



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

PHIL BREDESEN
GOVERNOR

220 French Landing Drive
Nashville, TN 37243-1002
(615) 741-2582

JAMES G. NEELEY
COMMISSIONER

April 7, 2009

RECEIVED

JUL 31 2009

FISCAL REVIEW

M. D. Goetz, Jr., Commissioner
Department of Finance and Administration
Fiscal Review Committee
State Capitol
Nashville, TN 37243

64610
REF: 337.10-559 Non Competitive Grant

Dear Mr. Goetz:

Outlined below is our justification for a Non Competitive Grant with The University of Tennessee, College of Business Administration.

The term of the contract is from July 1, 2009 through June 30, 2012.

This service is for evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM).

The Center for Business and Economic Research (CBER) at the University of Tennessee, Knoxville has been directly involved with designing, implementing, and refining the quarterly projections for the trust fund balance since its inception over twenty years ago. This projection is required by state law (Tennessee Code Annotated Section 50-7-506), which states that the Division of Employment Security "shall annually develop and submit to the general assembly an unemployment trust fund balance report not later than February 1. The report shall also include the projected unemployment trust fund balances for the eighteen-month period beginning January 1, and shall be prepared and documented in accordance with sound statistical methodology."

Based on the above justification, I am requesting your approval of this non-competitive grant contract.

Sincerely,

James G. Neeley
James G. Neeley, Commissioner

JGN: HS: mho

NON-COMPETITIVE CONTRACT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	337.10-64610
2) Procuring Agency :	Labor and Workforce Development
3) Service Caption :	Evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM)
4) Proposed Contractor :	University of Tennessee, Knoxville, Office of Research
5) Contract Start Date : (attached explanation required if < 60 days after F&A receipt)	7/01/09
6) Contract End Date : (if ALL options to extend the contract are exercised)	6/30/2012
7) Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 284,835.00
8) Approval Criteria : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service
9) Description of Service to be Acquired :	See Attachment A
10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :	This projection (Insurance Model) is required by state law (Tennessee Code Annotated Section 50-7-506), which states that the Division of Employment Security "shall annually develop and submit to the general assembly an unemployment trust fund balance report not later than February 1.
11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :	This service has been bought each year for more than twenty plus years.
12) Name & Address of the Proposed Contractor's Principal Owner(s) : (not required for a TN state education institution)	The University of Tennessee, College of Business Administration, Center for Business and Economic Research, 804 Volunteer Blvd, Temple Court, Knoxville, TN 37996-4334
13) Evidence of the Proposed Contractor's Experience and Length of Experience Providing the Service :	The University of Tennessee has been providing this service since its inception, for more than twenty years.
14) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)	Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request
15) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)	Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request
16) Department of Human Resources Endorsement : (required for state employees training service)	Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request
17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :	

None

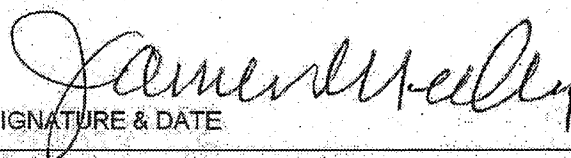
18) Justification of Why the State Should Use Non-Competitive Negotiation Rather Than a Competitive Process :
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

It would not be in the best interest of the state to change providers since some of the data used in the TESIM model goes back more than thirty years and could not easily be duplicated.

REQUESTING AGENCY HEAD SIGNATURE & DATE:

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE

 4-7-09

Attachment A

TESIM, the Tennessee Employment Security Insurance Model, was developed in 1982 at the urging of then Commissioner Thomas Yount. His recommendation followed the recession of the previous year when the Unemployment Insurance trust fund, in our state, went bankrupt and this department was forced to borrow monies from the Federal government (with interest) to pay unemployment claims by Tennessee workers.

A multiple regression model was developed to project the trust fund balance and to track the revenues and expenses so that this state would not have the expense of borrowing monies to pay UI claims again. For over twenty years this has proved to be a valuable investment.

TESIM consists of statewide raw economic data, national information, and the state econometric model wrapped into large equations to predict the future 18 months economic growth and/or decline of the workforce (in terms of unemployment insurance demand). Much of the raw data is provided by our department. The national economic variables are purchased from national vendors, including those from the Wharton School. It is the data from state econometric model that gives these equations their unique ability to project Tennessee's economic future.

This model was developed over years of work and refining equations by the Center for Business and Economic Research (CBER) at the University of Tennessee, Knoxville. Dr. William F. Fox, CBER Director and his CBER staff are and were the developers of the TESIM model and the state econometric model which is the primary data variable for these projections. The econometric model is also used as the product for An Economic Report to the Governor of the State of Tennessee. This yearly publication gives the states economic outlook and the TESIM projections match that outlook.

C O N T R A C T S U M M A R Y S H E E T

021908

RFS #		Contract #	
337. 10 — 646 — 10		ED-10-27844-00	
State Agency		State Agency Division	
Labor and Workforce Development		Employment Security	
Contractor Name		Contractor ID # (FEIN or SSN)	
University of Tennessee, Knoxville		<input checked="" type="checkbox"/> C- or <input type="checkbox"/> V- 626001636-01	
Service Description			
Provide TDLWD with the research and services necessary for the evaluation and maintenance of the Tennessee Employment Security Model (TESIM).			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
7/01/09	6/30/2012	VENDOR	17.225
Mark Each TRUE Statement			
<input checked="" type="checkbox"/> Contractor is on STARS		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts	
Allotment Code	Cost Center	Object Code	Fund
337.10	00052	083/830	11
Funding Grant Code	Funding Subgrant Code		
210	050		
FY	State	Federal	Interdepartmental
10		90,662.00	
11		94,311.00	
12		99,862.00	
TOTAL:		284,835.00	
— COMPLETE FOR AMENDMENTS ONLY —		State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Melvin O'Neal 532-1071
TOTAL:			
End Date:			
Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)			
Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)			
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> NOT Minority/Disadvantaged
<input type="checkbox"/> Government <input type="checkbox"/> Other			
Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation *	<input type="checkbox"/> Alternative Competitive Method *	
<input checked="" type="checkbox"/> Non-Competitive Negotiation *	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)	<input type="checkbox"/> Other *	
* Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)			
This projection is required by state law (Tennessee Code Annotated Section 50-7-506), which states that the Division of Employment Security "shall annually develop and submit to the general assembly an unemployment trust fund balance report not later than February 1. The report shall also include the projected unemployment trust fund balances for the eighteen-month period beginning January 1, and shall be prepared and documented in accordance with sound statistical methodology."			

**C O N T R A C T**

(fee-for-service contract with the University of Tennessee or a Board of Regents college or university)

Agency Tracking # <div style="text-align: center; font-weight: bold;">33710-64610</div>				Edison ID	
Contractor University of Tennessee, Knoxville				Contractor Federal Employer Identification # <input checked="" type="checkbox"/> C- 62600163601	
Service Provide TDLWD with the research and services necessary for the evaluation and maintenance of the Tennessee Employment Security Model (TESIM).					
Contract Begin Date 7/01/09		Contract End Date 6/30/2012		Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	
				CFDA #(s) 17.225	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
10		90,662.00			90,662.00
11		94,311.00			94,311.00
12		99,862.00			99,862.00
TOTAL:		284,835.00			284,835.00

— OCR USE —

Agency Contact & Telephone #
Melvin O'Neal 532-1007

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Speed Code
LW00004101

Account Code
70803000

Contractor Selection Method

☐ RFP
☒ Non-Competitive Negotiation *

☐ Competitive Negotiation *
☐ Other *

☐ Alternative Competitive Method *

***Procurement Process Summary**

This projection is required by state law (Tennessee Code Annotated Section 50-7-506), which states that the Division of Employment Security "shall annually develop and submit to the general assembly an unemployment trust fund balance report not later than February 1. The report shall also include the projected unemployment trust fund balances for the eighteen-month period beginning January 1, and shall be prepared and documented in accordance with sound statistical methodology."

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
AND
THE UNIVERSITY OF TENNESSEE.
CENTER FOR BUSINESS AND ECONOMIC RESEARCH
COLLEGE OF BUSINESS ADMINISTRATION**

This Contract, by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the "State" and The University of Tennessee, hereinafter referred to as the "Contractor," is for the provision of evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM), as further defined in the "SCOPE OF SERVICES."

Contractor Federal Employer Identification Number: 626001636-01

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

A.1. Contractor agrees:

- a. To provide the research and services for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM). Center for Business and Economic Research (CBER) will serve as consultant on a variety of issues related to the economics, research, and statistics. As requested, CBER will seek to provide such consultations directly or arrange assistance as necessary from other faculty of The University of Tennessee, Knoxville, and College of Business Administration. CBER will initiate discussions on the topics of interest related to the Research and Statistics (R&S) issues that are identified during staff research activities. CBER also will continue to provide data resource services to R&S for Census and other Public-access data as requested. CBER will continue to support and provide other enhancements to the TESIM. This model has generally been an effective tool for forecasting components of the trust fund balance and simulating the effects of policy changes.

CBER will assist R&S staff in preparing forecasts as requested during 2009-2010, 2010-2011 and 2011-2012 fiscal years. For each forecast, CBER will provide to R&S updated economic forecasts in a format appropriate for the use in the TESIM model. CBER will also prepare simulations of policy alternatives as requested. Assistance will be provided in analyzing TESIM output and in making adjustments as necessary.

The equations that comprise TESIM will be reestimated by CBER, using the latest available national and state economic data. Structural relationships between TESIM variables will be monitored as shifts in underlying data are uncovered or as it becomes apparent that new conceptualization is necessary.

Statistical evaluation of the accuracy of the previous forecast will be undertaken, and an analysis will be made of significant variability from actual experience. Assistance will also be provided to help R&S staff incorporate judgment and institutional/administrative knowledge into TESIM forecasts. In addition, CBER will assist R&S staff in utilizing the simulation capabilities of TESIM.

- b. To complete, in total, all of its duties and obligations under this Contract and do so within the term of this Contract.
- c. All notices, informational pamphlets, press releases, research reports, signs and similar public notices prepared and released by the Contractor shall include the statement, "This project is

funded (in part) under an agreement with the Tennessee Department of Labor and Workforce Development, Employment Security Division."

- d. The State will designate, in writing, an individual whose responsibility will be to represent Employment Security Division as Project Manager for this Contract.

B. CONTRACT TERM:

This Contract shall be effective for the period commencing on 7/01/09 and ending on 6/30/12. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two hundred eighty four thousand eight hundred thirty five dollars (\$284,835.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.
- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
Research and services for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM) for Fiscal Year 2009-2010.	\$ 7,555.16 Monthly
Research and services for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM) for Fiscal Year 2010-2011.	\$ 7,859.25 Monthly
Research and services for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM) for Fiscal Year 2011-2012.	\$ 8,321.83 Monthly

C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

220 French Landing Drive, 4 A, Nashville, TN 37243-1002

b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Labor and Workforce Development & Employment Security;
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
 - iv. Amount Due by Service; and
 - v. Total Amount Due for the invoice period.

c. The Contractor understands and agrees that an invoice to the State under this Contract shall:

- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
- (2) not include any future work but will only be submitted for completed service; and
- (3) not include sales tax or shipping charges.

d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.

e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or

Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.

- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. Pursuant to *Tennessee Code Annotated*, Section 9-4-604, the State is not to issue warrants for payments to persons who are in default to the State until such arrearages are paid. If applicable to the Contractor, the Contractor agrees that, should such an arrearage exist during the term of this Contract, the State shall have the right to deduct from payments due and owing to the Contractor any and all amounts as are necessary to satisfy the arrearage. Should a dispute arise concerning payments due and owing to the Contractor under this Contract, the State reserves the right to withhold said disputed amounts pending final resolution of the dispute.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The Contract may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should the State exercise this provision, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the Contractor exercise this provision, the State shall have no liability to the Contractor except for those units of service which can be effectively used by the State. The final decision as to what these units of service are, shall be determined by the State. In the event of disagreement, the Contractor may file a claim with the Tennessee Claims Commission in order to seek redress.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Any liability of the Contractor to the State and third parties for any claims, losses, or costs arising out of or related to acts performed by the Contractor under this agreement shall be governed by the Tennessee Claims Commission Act, *Tennessee Code Annotated*, Section 9-8-301, *et seq.*
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by

Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

- D.7. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.8. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.9. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.10. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401 *et seq.*
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services.
- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.17. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Melvin O'Neal, Accounting Manager
 Department of Labor and Workforce Development
 220 French Landing Drive, 4 A
 Nashville, Tennessee 37243-1002
 Email Address: melvin.oneal@tn.gov
 Telephone Number 615 532-1071
 Facsimile Number 615 741-3002

The Grantee:

Kelly Steele, Office of Research
 University of Tennessee, Knoxville
 1534 White Avenue
 Knoxville, TN 37993-1529
 Email Address: ksteele2@utk.edu
 Telephone # (865) 974-4808 (865) 974-3466
 FAX # (865) 974-2805

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date.
- E.4. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.
- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
 - b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

E.5. Work Papers Subject to Review. The Grantee shall make all audit, accounting, or financial analysis work papers, notes, and other documents available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Grant Contract.

E.6. Printing Authorization. The Grantee agrees that no publication coming within the jurisdiction of *Tennessee Code Annotated*, Section 12-7-101, *et seq.*, shall be printed unless a printing authorization number has been obtained and affixed as required by *Tennessee Code Annotated*, Section 12-7-103 (d).

IN WITNESS WHEREOF,

THE UNIVERSITY OF TENNESSEE:

GRANTEE SIGNATURE

DATE

Dr. Gregory Reed, Associate Vice Chancellor for Research

PRINTED NAME AND TITLE OF GRANTEE SIGNATORY (above)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:

James G. Neeley, Commissioner

DATE

APPROVED:

M. D. GOETZ, JR., COMMISSIONER OF FINANCE & ADMINISTRATION DATE

JUSTIN P. WILSON, COMPTROLLER OF THE TREASURY

DATE

BUDGET
(BUDGET PAGE 1)

University of Tennessee-TEISM				
APPLICABLE PERIOD: The budget line-item amounts below shall be applicable only to expense incurred during the period beginning 7/01/09, and ending 6/30/10.				
POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY ¹ (detail schedule(s) attached as applicable)	GRANT CONTRACT	GRANTEE PARTICIPATION	TOTAL PROJECT
1 & 2	Salaries and Benefits & Taxes	59,792.00	0.00	59,792.00
4, 15	Professional Fee/ Grant & Award ²	5,000.00	0.00	5,000.00
5, 6, 7, 8, 9, 10, 11 & 12	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications, and Travel/ Conferences & Meetings	3,045.00	0.00	3,045.00
13	Interest ²	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation ²	0.00	0.00	0.00
18	Other Non-Personnel ²	11,000.00	0.00	11,000.00
20	Capital Purchase ²	0.00	0.00	0.00
22	Indirect Cost	11,825.00	0.00	11,825.00
24	In-Kind Expense	0.00	0.00	0.00
25	GRAND TOTAL	90,662.00	0.00	90,662.00

¹ Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A*. (posted on the Internet at: www.state.tn.us/finance/rds/ocr/policy03.pdf).

² Applicable detail attached if line-item is funded.

ATTACHMENT A (continued)**BUDGET LINE-ITEM DETAIL**

(BUDGET PAGE 2)

PROFESSIONAL FEE/ GRANT & AWARD	AMOUNT
Graduate Student Tuition	5,000.00
TOTAL	5,000.00

OTHER NON-PERSONNEL	AMOUNT
Economic Data Subscription	11,000.00
TOTAL	11,000.00

ATTACHMENT B

BUDGET

(BUDGET PAGE 1)

University of Tennessee-TEISM				
APPLICABLE PERIOD: The budget line-item amounts below shall be applicable only to expense incurred during the period beginning 7/01/10, and ending 6/30/11.				
POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY ¹ (detail schedule(s) attached as applicable)	GRANT CONTRACT	GRANTEE PARTICIPATION	TOTAL PROJECT
1 & 2	Salaries and Benefits & Taxes	62,198.00	0.00	62,198.00
4, 15	Professional Fee/ Grant & Award ²	5,200.00	0.00	5,200.00
5, 6, 7, 8, 9, 10, 11 & 12	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications, and Travel/ Conferences & Meetings	3,168.00	0.00	3,168.00
13	Interest ²	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation ²	0.00	0.00	0.00
18	Other Non-Personnel ²	11,444.00	0.00	11,444.00
20	Capital Purchase ²	0.00	0.00	0.00
22	Indirect Cost	12,301.00	0.00	12,301.00
24	In-Kind Expense	0.00	0.00	0.00
25	GRAND TOTAL	94,311.00	0.00	94,311.00

¹ Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A*. (posted on the Internet at: www.state.tn.us/finance/rds/ocr/policy03.pdf).

² Applicable detail attached if line-item is funded.

ATTACHMENT B (continued)**BUDGET LINE-ITEM DETAIL****(BUDGET PAGE 2)**

PROFESSIONAL FEE/ GRANT & AWARD	AMOUNT
Graduate Student Tuition	5,200.00
TOTAL	5,200.00

OTHER NON-PERSONNEL	AMOUNT
Economic Data Subscription	11,444.00
TOTAL	11,444.00

ATTACHMENT C

BUDGET

(BUDGET PAGE 1)

University of Tennessee-TEISM				
APPLICABLE PERIOD: The budget line-item amounts below shall be applicable only to expense incurred during the period beginning 7/01/11, and ending 6/30/12.				
POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY ¹ (detail schedule(s) attached as applicable)	GRANT CONTRACT	GRANTEE PARTICIPATION	TOTAL PROJECT
1 & 2	Salaries and Benefits & Taxes	65,858.00	0.00	65,858.00
4, 15	Professional Fee/ Grant & Award ²	5,508.00	0.00	5,508.00
5, 6, 7, 8, 9, 10, 11 & 12	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications, and Travel/ Conferences & Meetings	3,354.00	0.00	3,354.00
13	Interest ²	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation ²	0.00	0.00	0.00
18	Other Non-Personnel ²	12,116.00	0.00	12,116.00
20	Capital Purchase ²	0.00	0.00	0.00
22	Indirect Cost	13,026.00	0.00	13,026.00
24	In-Kind Expense	0.00	0.00	0.00
25	GRAND TOTAL	99,862.00	0.00	99,862.00

¹ Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies*, Appendix A. (posted on the Internet at: www.state.tn.us/finance/rds/ocr/policy03.pdf).

² Applicable detail attached if line-item is funded.

ATTACHMENT C (continued)
BUDGET LINE-ITEM DETAIL
(BUDGET PAGE 2)

PROFESSIONAL FEE/ GRANT & AWARD	AMOUNT
Graduate Student Tuition	5,508.00
TOTAL	5,508.00

OTHER NON-PERSONNEL	AMOUNT
Economic Data Subscription	12,116.00
TOTAL	12,116.00